

Welcome Address

Kenji Kobayashi

Good morning, distinguished guests, ladies and gentlemen. I am Kenji Kobayashi, Director of International Affairs, Agency for Natural Resources and Energy, Ministry of Economy, Trade and Industry, Japan. Thank you very much for attending today's workshop on energy security in the APEC region.

I would like to first express my sincere thanks and appreciation to the Government of Thailand, the National Energy Policy Office, and also the EWG secretariat, the Expert Group of Clean Fossil Energy, and especially chairman Dr. Sun Chun and the other members of the organizing committee of this workshop.

The two oil crises were a major blow to the many economies that relied heavily on oil. We learned the importance of diversification of energy sources and more efficient use of energy.

Recently, as a new element, international oil trading via so called "free has developed market". It can be said that the "free market" has changed the nature of oil as from strategic goods to ordinary communities.

However, as you all know, crude oil prices, which dropped to \$10/barrel at the end of 1998, temporarily rose to \$37/barrel in 2000. Background facts of this increased volatility are the movement of investment money in the international petroleum market as well as the shrinkage of buffer stock, which is because, in order to survive in the intense international competition, petroleum companies have reduced their inventories and spare refining capacity. This may be regarded as one negative aspect of globalization that has recently appeared.

In discussing energy security, I think that we have to consider the volatility of the international oil market as well as the issue of oil supply disruption, which we have experienced. In this context, I would like to emphasize that these issues are not problems for one economy to solve alone, but rather they must be recognized as common challenge to be overcome by mutual cooperation by oil producers and oil consumers.

In September next year, Japan will hold the "International Energy Forum" in Osaka. We hope that major oil producing and consuming countries will participate in this dialogue and that we will be able to develop dialogue so that we can cope with energy security issues.

I sincerely hope that, with this perspective in mind, useful discussions will be held in the following sessions, and that this workshop will be of help toward further strengthening of APEC energy security.